



Secretary of the Air Force
Office of Legislative Liaison

CONGRESSIONAL HEARING RESUME

106TH Congress * Second Session*

SUBJECT: FY01 Service Secretaries Posture Hearing

COMMITTEE: Senate Armed Services Committee

CHAIRMAN: *John Warner (R-VA)

MEMBERS

PRESENT (*): REPUBLICANS

Strom Thurmond (SC)
John McCain (AZ)
Robert Smith (NH)
***James Inhofe (OK)**
Rick Santorum (PA)
***Olympia Snowe (ME)**
***Pat Roberts (KS)**
Wayne Allard (CO)
***Tim Hutchinson (AR)**
***Jeff Sessions (AL)**

DEMOCRATS

***Carl Levin (MI)**
Edward Kennedy (MA)
Jeff Bingaman (NM)
***Robert Byrd (WV)**
***Charles Robb (VA)**
Joseph Lieberman (CT)
Max Cleland (GA)
Mary Landrieu (LA)
***Jack Reed (RI)**

WITNESSES:

F. Whitten Peters, Secretary of the Air Force
Louis Caldera, Secretary of the Army
Richard Danzig, Secretary of the Navy

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Date: 10 Feb 00

Ext: 695-7613

EXECUTIVE SUMMARY

The hearing was cordial covering major elements of the FY01 PB. Health care, readiness, recruiting and retention, funding shortfalls, modernization and JSF were major themes asked throughout by Members of the SASC. Members stressed last year's improvements in pay and retirement benefits and queried if its had a positive impact on retention and recruiting. Other issues covered were lessons learned from Kosovo, F-22, ABL, MILCON, and Unmanned Combat Aerial Vehicles.

Sen Warner, Chairman, called the Committee to order at 0936.

Senator Warner's opening remarks:

- Praised the \$60B in the modernization account
- Need to reverse negative trends in readiness, aging equipment, recruiting and retention
- Lauded the Services for last year's pay Triad -- sees it having a positive impact
- Intends to pursue new technologies to reduce the risk of casualties. Said unmanned systems have great potential for combat systems -- he would like to see 1/3 of aerial combat systems unmanned in 10 years

Sen Levin's opening remarks:

- Said the FY01 PB is the 2nd year of sustained budget increases and is \$1.8B more than Congress had programmed for FY02 two years ago
- Lauded EAF as a good PERSTEMPO tool
- Stated Services must implement lessons learned from Kosovo into their budget

Secretary Peters' opening remarks:

- Thanked the Committee for last year's pay TRIAD -- vital to retention and recruiting
- This year's goal is to provide a balanced approach as we transition into an EAF
- Lauded Air Force people as the true enablers of our force
- Emphasized Total Force
- Kosovo showed the awesome lethality and accuracy of airpower. Also lauded Reachback as a vital capability enhancing combat operations
- Highlighted that good pay is important for recruiting and retaining high quality people
- Emphasized budget is guided by recent combat experience -- emphasis on ISR and C2 assets

Secretary Caldera's opening remarks:

- Thanked the Committee for the supplemental and last year's pay Triad
- Emphasized two points. The need for a timely Kosovo supplemental, and additional procurement dollars to complete their Transformation into an Objective Force.

Secretary Danzig's opening remarks:

- Emphasized Smart Ship and Smart Work programs designed to reduce personnel requirements aboard ships

Senator Warner

- Commended the Air Force for its outstanding performance during ALLIED FORCE
- Asked SecArmy to opine on reallocation of procurement dollars by OSD

Secretary Cauldera

- Stated that Army's recapitalization is the worst of the three Services

Senator Warner

- Asked SecAF to articulate on costs of the JSF. He further stated that a change in the JSF acquisition strategy (moving from single contractor to multi contractor) could jeopardize Congressional support for the program

Secretary Peters

- Stated JSF is a joint program -- costs have risen slightly but the Air Force has impressed upon contractors to keep cost under \$30M per plane.
- Stated that acquisition strategy is still under discussion -- may move to multi contractor strategy because single contractor strategy may be a detriment to the aerospace industry

Sen Levin

- Asked each to discuss lessons learned from Kosovo

Secretary Peters

- Modernization over the past years paid off.
- Will work to integrate and fuse information systems (Global Hawk).
- Needed more JDAMs
- C4ISR systems need robusting with continued security vigilance

Secretary Cauldera

- Army took too long to arrive to the battle

Secretary Danzig

- PGMs are key - also need additional EW (EA-6B) aircraft. Information systems were vital

Sen Levin

- Asked each if they supported the budget

Secretary Peters

Air Force is \$3.6B short -- need help in S&T and ISR

Secretary Cauldera

- Army is 1.5% short over the FYDP for recapitalization

Secretary Danzig

- Good budget, but has some shortfalls

Sen Levin

- Asked each (**for the record**) to supply the committee with historical information on the relativity of their shortfalls, as a percentage of topline, over the past several years

Senator Inhofe

- Asked SecAF is he would take necessary steps to not ask for a 50/50 waiver next year

Secretary Peters

Yes

Senator Inhofe

- Asked each if \$60B for modernization was adequate (quoted CBO saying \$90B was closer to the needed amount)

Secretary Peters

- Stated \$60B is an achievement, but long-term projections show we need additional dollars -- however we have time. The key is the budget needs to be balanced

Secretary Cauldera

- Need more procurement dollars to fund Transformation

Senator Reed

- Asked the Army to define their shortfalls

Secretary Cauldera

- \$1.5-2.0B shortfall per year to fund Transformation

Senator Roberts

- Stated stable funding for ABL is critical to counter the emerging TMD threat -- asked SecAF for help. Also stated his support for ISR needs. Finally asked for comments on AFA's negative report on the Air Force's funding of S&T

Secretary Peters

- Will look into the ABL funding issue.
- Stated Air Force is working procurement of Global Hawk to increase ISR capabilities.
- Said Air Force leaders disagree with the AFA report on S&T. The Air Force needs a balanced budget due to competing needs in a budget restrictive environment. In order to increase S&T funding we need more money

Senator Robb

- Asked each if increased MILCON funding and the pay raise positively impacted recruiting and retention. Asked about the current bonus take rate

Secretary Peters

- Too early to tell with respect to recruiting and retention, however we do see some positive trends.

- The new ACP has made real progress for those staying past the 14-year point

- Will supply bonus take rate **For the Record**

Senator Hutchinson

- Asked each to comment on the Accrual Funding Plan for retiree health care

Secretary Peters

- The cost is extraordinary (\$200B to \$300B estimate). Need to find a solution, but at a lower cost

Secretaries Cauldera and Danzig

- Need to find a solution which is not as costly

Senator Roberts

- Concerned there will be duplication and redundancy in missions between the Army and Marine Corp as the Army implements its Transformation strategy

Secretary Cauldera

- Transformation will have both rapid response and sustained operation capabilities (full-spectrum). Is complimentary with Marine Corp mission and not adversarial

Senator Snowe

- Asked each to comment on morale as a result of high TEMPO

Secretary Peters

- The highest morale is in those units deployed (not the case with spouses)
- \$300m in spare parts funding is starting to materialize in the field -- big boost
- Have used A-76 to transfer 6K positions to deployable units to reduce burden
- Last year pay and retirement were greatest dissatisfiers -- this year high TEMPO and health care are the greatest dissatisfiers
- The key is to reduce workload and provide family stability -- must continue to improve QoL programs

Senator Levin

- Asked each if they would speak out against items in the budget they dont need
- Asked each to comment on excess infrastructure

Secretary Peters

- Yes, will speak out about items Air Force doesn't need
- Supports BRAC-- it saves money and helps consolidate thinly spread units

Secretaries Cauldera and Danzig

- Yes, they will speak out about items they don't need
- Support BRAC -- each has excess infrastructure

Senator Levin

- Asked SecAF to comment on the reduction of F-22 flight test hours from 3900 hrs. to 3700 hrs. Also asked if there is an increased risk

Secretary Peters

-Air Force believes there is no increased risk. Past flight test data has matched computer modeling so closely the Air Force is confident this reduction in flight test hours does not increase risk but does save money

Senator Sessions

-Asked each if they had more real spending power than last year. Also asked about personnel levels for FY01

Secretary Peters

-Air Force has about a 1% increase in spending power over the FYDP
-Expect FY01 personnel levels to slightly increase

Senator Warner

-Asked how retention and recruiting goals looked for FY01

Secretary Peters

-Air Force looks good on retention, but recruiting goals still need some work
-We will keep academic standards high

Senator Warner

-Asked what the Committee can do to help

Secretary Peters

-Health care
-VEAP -- need another open window to allow service personnel to enroll

Senator Warner

-Turned to PSM and said, "get on that"referring to the open window for VEAP enrollment

Senator Warner adjourned the hearing at 1251